

Message Text

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17

ACTION EB-07

INFO OCT-01 EUR-12 EA-07 NEA-10 IO-13 ISO-00 L-03 FRB-03

OMB-01 ITC-01 SP-02 USIA-06 AGRE-00 AID-05 CIAE-00

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FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 6902

INFO AMEMBASSY BONN

AMEMBASSY COLOMBO

USMISSION EC BRUSSELS

USMISSION GENEVA

AMEMBASSY JAKARTA

AMEMBASSY KUALA LUMPUR

AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY PARIS

AMEMBASSY SINGAPORE

AMEMBASSY TOKYO

C O N F I D E N T I A L BANGKOK 33130

EO 11652: GDS

TAGS: EMIN IRSG TH

SUBJECT: NATURAL RUBBER PRICE STABILIZATION AGREEMENT AND IRSG-
UNCTAD LINK

REF: A) BANGKOK 31998, B) JAKARTA 15560, C) KUALA LUMPUR 6946

1. DURING DECEMBER 3 MEETING WITH EMBOFF, DR SERMLARD WASUWAT, DIRECTOR OF THE RUBBER DIVISION OF THE MINISTRY OF AGRICULTURE AND COOPERATIVES AND RTG REPRESENTATIVE TO THE IRSG, COMMENTED OF THE RECENTLY CONCLUDED NATURAL RUBBER PRICE STABILIZATION AGREEMENT AND ON THE RTG POSITION ON IRSG ROLE IN THE JANUARY UNCTAD CONSULTATIONS AND OTHER FUTURE RUBBER DISCUSSIONS.

2. RUBBER PRICE STABILIZATION AGREEMENT: DR SERMALARD PROVIDED MUCH OF THE SAME INFORMATION REPORTED IN REFTEL C.
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IN ADDITION, HE SAID THAT CONTRIBUTIONS TO THE NATURAL RUBBER

BUFFER STOCK, EITHER IN RUBBER OR APPROVED CURRENCIES, ARE TO BE ASSESSED AT THE VALUE OF 145 MALAYSIAN CENTS PER KILO OF EACH MEMBER'S TOTAL ASSESSED TONNAGE CONTRIBUTION. FOR THAILAND, WHOSE TOTAL ASSESSED TONNAGE CONTRIBUTION IS 11,300 TONS, THE EQUIVALENT MONEY CONTRIBUTION WOULD THEREFORE BE APPROXIMATELY US \$7 MILLION (145 MALAYSIAN CENTS X 11,300 TONS). DR SERMLARD SAID THAT THERE HAD BEEN NO AGREEMENT ON HOW SOON CONTRIBUTIONS WOULD BE DUE AFTER RATIFICATION OF THE AGREEMENT. HOWEVER, THE CONSENSUS AT THE NOVEMBER EXPERT MEETING IN KUALA LUMPUR WAS THAT CONTRIBUTIONS WOULD PROBABLY NOT BE REQUIRED UNLESS THE WORLD MARKET PRICE FOR RSS-1 FELL BELOW 185 MALAYSIAN CENTS.

3. ISRG-UNCTAD LINK: DR SERMLARD CONTENDED NO COMMON ANRPC POSITION HAD BEEN AGREED UPON IN JAKARTA CONCERNING THE ROLE IRSG SHOULD PLAY IN THE JANUARY UNCTAD CONSULTATIONS AND IN OTHER FUTURE RUBBER DISCUSSIONS. HE STRESSED MALAYSIAN REPRESENTATIVE FATAH WAS NOT SPEAKING FOR RUBBER PRODUCERS AS A WHOLE DURING THE NOVEMBER 2 IRSG EXECUTIVE COMMITTEE MEETING AND THAT BOTH THAILAND AND INDONESIA HAD POINTED THIS OUT TO THE MALAYSIAN DELEGATION AT THE JAKARTA MEETINGS. DR SERMLARD SAID THAT THAILAND AND INDONESIA WERE PREPARED TO BE "MORE FLEXIBLE" THAN FATAH'S REMARKS IMPLIED AND RECOGNIZE THAT THERE ARE SEVERAL VALID ARGUMENTS FAVORING AN ACTIVE IRSG ROLE, PARTICULARLY THE FACT THAT THE IRSG REPRESENTS BOTH PRODUCERS AND CONSUMERS AND IAN OFFER CONSIDERABLE EXPERTISE ON THE SUBJECT. DR SERMLARD SAID HE THOUGHT THAT THAILAND'S AND INDONESIA'S ONLY REAL PROBLEM WITH MAJOR IRSG PARTICIPATION WAS THE FACT THAT SOME IRSG MEMBER COUNTRIES ARE ALSO MAJOR SYNTHETIC RUBBER PRODUCERS.

4. ALTHOUGH HE DOES NOT PLAN TO ATTEND THE DECEMBER IRSG EXECUTIVE COMMITTEE MEETING IN LONDON DR SERMLARD SAID THAT GUIDANCE CONSISTENT WITH THE ABOVE WILL BE SENT TO THAI EMBASSY REPRESENTATIVES IN LONDON WHO WILL ATTEND THE SESSION. HE ALSO SAID, HOWEVER, THAT

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THAILAND WILL PROBABLY NOT APPROVE ANY CONSENSUS STATEMENT TO UNCTAD AT THIS TIME ON IRSG PARTICIPATION IN THE JANUARY UNCTAD CONSULTATIONS.
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